



West Valley - Mission

Community College District

Board of Trustees
Audit and Budget Oversight Committee

January 11, 2017

Board Room
West Valley College
14000 Fruitvale Avenue, Saratoga, CA 95070
5:30 p.m. Public Session

Bob Owens, Chair
Susan Fish, Member
Randi Kinman, Member

1.0 CALL TO ORDER – PUBLIC SESSION

- 1.1 Roll Call
- 1.2 Approval of the Order of the Agenda
- 1.3 Oral Communication

2.0 REGULAR ORDER OF THE AGENDA

- 2.1 **Approval of November 9, 2016, meeting minutes (A) – Chair**
- 2.2 **FY 15/16 District Audit (A)**
This item will include review, consideration and possible action to accept the FY 15/16 District Audit.
- 2.3 **FY 17/18 Non-Resident Tuition Fee – (A)**
This item will include review, consideration and possible action to approve the FY 17/18 Non-Resident Tuition Fee.
- 2.4 **2017 Budget Calendar (I)**
This item will include a review of the 2017 Budget Calendar.

** In compliance with the Americans with Disabilities Act, individuals needing special accommodations should contact the Chancellor's Office at 408-741-2011 one week prior to the meeting date.*

2.5 Impact of CalPERS reducing its investment rate of return (I)

This item will include a discussion of CalPERS reducing its assumed rate of return on its investments and the potential impact to future contribution rates for Public agency employers, including community colleges.

2.6 Future Meeting Schedule (A)

This item will include review, consideration and possible action to change the current meeting day for future ABOC meetings.

3.0 STAFF MEMBERS COMMENTS

This item offers staff members the opportunity to report on issues not listed in the agenda to which no debate or votes are to be taken.

4.0 COMMITTEE MEMBERS COMMENTS

This item offers committee members the opportunity to report on issues not listed in the agenda to which no debate or votes are to be taken.

5.0 ADJOURNMENT

WEST VALLEY/MISSION COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
AUDIT AND BUDGET OVERSIGHT COMMITTEE

Date of meeting: November 9, 2016

UNAPPROVED MINUTES

Membership: Bob Owens, Chair; Adrienne Grey, Member; Jack Lucas, Member

1.0 CALL TO ORDER – PUBLIC SESSION

The meeting was called to order at 5:31pm by Mr. Owens.

1.1 Roll Call

	Present	Absent
Grey, Adrienne		X
Lucas, Jack	X	
Owens, Bob	X	

Others Present: Brian Goo, Ngoc Chim, Pat Fenton, Ed Maduli, Patrick Schmitt, Ron Smith

1.2 Approval of the Order of the Agenda

The order of the agenda was approved as presented. (Lucas/Owens, 2/0/0, with Grey absent and not voting)

1.3 Oral Communication

None.

2.0 Regular Order of the Agenda

2.1 Approval of the August 23, 2016, meeting minutes (A)

The August 23, 2016, meeting minutes were approved as presented. (Lucas/Owens, 2/0/0, with Grey absent and not voting)

2.2 FY 16/17 1st Qtr. Budget Adjustments and Financials (A)

Mr. Maduli noted that this financial report was prepared using the new Banner system. Ms. Chim stated that using the new system to prepare the reports was very challenging. Extra time was needed to obtain numbers from the system, verify crosswalk accounts, ensure that balances were correctly carried over from Colleague, and confirm that revenues posted correctly since some (Admissions & Records) are still being recorded in Colleague. She also shared that fund numbers

had changed and that some funds were combined due to the new Banner account structure.

Ms. Chim then reviewed the 1st Qtr. Budget Adjustments and Financials. She indicated that revenues and expenditures should be at 25% and that she compares the current year against the previous year to ensure trends are on target. Overall, all funds are on target.

Mr. Owens expressed concern about the OPEB Trust Fund, in particular, about transferring money into the fund if investments are not doing well. He requested that a discussion take place regarding investment strategy and the timing of the next transfer. Mr. Maduli stated that the next transfer should be coordinated with the next actuarial study, which is due June 2018. This item will be brought back for discussion.

There was a motion by Lucas, seconded by Owens, to “accept the FY 16/17 1st Qtr. Budget Adjustments and Financials as presented and recommend them to the Board for approval.” The motion passed. (2/0/0, with Grey absent and not voting)

2.3 FY 16/17 1st Qtr. 311 Report (A)

Ms. Chim reviewed the 1st Qtr. 311 Report. There was nothing of significance to highlight.

There was a motion by Lucas, seconded by Owens, to “accept the FY 16/17 1st Qtr. 311 Report as presented and recommend it to the Board for approval.” The motion passed. (Lucas/Owens, 2/0/0, with Grey absent and not voting)

2.4 Mission College Parking Lot Use for Stadium Events (I)

Mr. Maduli reported that the Forty-Niner Stadium Authority did not need to use Mission College’s parking lots for the current football season but anticipates needing them for future seasons. As a result, they are seeking to establish a long-term contract for parking lot use. Mr. Maduli expects to keep the length of the new contract to no more than four years. Negotiations will begin shortly.

2.5 Banner Implementation Update (I)

Mr. Maduli reviewed the Banner implementation budget and actuals as of June 30, 2016. The total budget for overtime and backfill has been completed expended. Additional costs in this area will be paid from the general fund. Costs for consultants, software and equipment are at approximately half of the budgeted amount.

Mr. Owens inquired about staff receiving sufficient and appropriate training to utilize and maintain the new system. He also asked if additional training and

staffing is needed. Chancellor Schmitt responded that staff is receiving appropriate training and that he plans to support continued training even after the system is implemented. Mr. Smith added that he intends to continue to send his staff to training classes to refresh and expand their knowledge of the system.

Ms. Chim and Mr. Smith then provided a summary of changes from Colleague to Banner. They shared that the overall feeling is that the new system can be great, but that currently it is cumbersome, unforgiving, and very challenging. They expressed hope that current issues will be resolved and staff challenges will lessen as they become more familiar with the system. Mr. Smith added that, at a minimum, Banner has helped standardize processes at the colleges.

3.0 Staff Members Comments

None.

4.0 Committee Members Comments

Mr. Lucas congratulated Mr. Owens on being re-elected to serve on the West Valley-Mission CCD Board, and Mr. Maduli on being elected to serve on the Chabot-Las Positas CCD Board.

5.0 Adjournment

The meeting adjourned at 6:45 PM.

ITEM 2.2
JANUARY 24, 2017
ACTION ITEM

PREPARED BY: NGOC CHIM

REVIEWED BY: ED MADULI

APPROVED BY: PATRICK SCHMITT

SUBJECT: 2015-2016 DISTRICT AUDIT REPORT

CHANCELLOR'S RECOMMENDATION:

That the Board of Trustees accept the 2015-2016 District Audit Report.

Funding Source/Fiscal Impact

There is no fiscal impact associated with this item.

Reference(s)

The District Audit is conducted in accordance with Education Code Section 84040 and Generally Accepted Government Auditing Standards.

Background/Alternatives

An oral presentation will be given at the January 24, 2016, meeting.

Coordination

This item has been coordinated with the auditor, District Budget and Finance staff, and the Chancellor's Office. The Audit Report was thoroughly reviewed at the January 10, 2017, Board Audit and Budget Oversight Committee meeting.

Follow-up/Outcome

No additional action is required.

PREPARED BY: SANDY DINH
AND NGOC CHIM

REVIEWED BY: ED MADULI

APPROVED BY: PATRICK SCHMITT

SUBJECT: APPROVE THE 2017/2018 NON-RESIDENT TUITION RATE

CHANCELLOR'S RECOMMENDATION:

That the Board of Trustees establish a non-resident tuition fee of \$234 per credit unit for fiscal year 2017/18 as well as a foreign citizen capital outlay fee of \$0 per credit unit.

Funding Source/Fiscal Impact

In FY 2015/16, the District received \$2,198,684 in non-resident tuition revenue. Projected revenue for FY 2016/17 is approximately \$2,484,588. Last year, the Board approved a non-resident tuition rate of \$215. The estimated revenue for non-resident tuition for FY 2016/17 increased from FY 2015/16 by \$285,904. This increase was primarily the result of an overall increase in enrollment and tuition rates. For FY 2017/18, the District is proposing to increase the non-resident tuition rate to \$234 per unit, which is the statewide cost. The estimated revenue for FY 2017/18 will be approximately \$2,704,156.

Reference(s)

Education Code Section (ECS) 76140 requires each governing board to establish the non-resident tuition fee for the succeeding year. Pursuant to ECS 76141, a district may also charge to any non-resident student a capital outlay fee.

Background/Alternatives

1. Non-resident tuition rate

In establishing a non-resident tuition rate, the Board of Trustees has seven options available. The options are as follows:

<u>Option</u>	<u>Tuition Rate</u>	<u>Per Credit Unit</u>
1. The Statewide cost of education per unit.		\$234
2. District cost of education per unit.		\$250

- | | |
|---|----------------|
| 3. District Average cost with 10% or more non-credit FTES. | N/A |
| 4. No more than contiguous district adopted fee. | \$232 to \$314 |
| 5. No more than district cost and not less than statewide cost. | \$234 to \$250 |
| 6. Highest Year's Statewide Average Tuition | \$234 |
| 7. No more than 12 Comparable States' Average Tuition | \$425 |

Non-resident students served by the colleges are not supported with state apportionment funds. Districts are allowed and required to collect tuition fees from those students who do not meet the residency requirements for the State of California. The amount charged for non-resident tuition is determined using information provided by the state.

Districts are allowed to select from seven options in determining the amount to be charged for non-resident tuition. Revenue collected from non-resident students is retained by the District and does not affect the amount of state funding that is received. A discussion of the options is provided below.

Option # 1. Statewide average cost of education. This option provides districts with the ability to charge a tuition rate equal to the aggregated cost of education for the California community college system. This rate serves as the minimum amount that may be charged for those districts that have high costs of education and do not choose to have non-residents pay for the actual cost of education. An advantage of this option is that high cost districts can offer a lower tuition rate than what is allowed when the district rate exceeds the state rate. Districts surrounded by low cost of education districts may find that this pricing methodology provides a comparative advantage with students concerned only about price.

The disadvantage of using this rate is that the District is not recovering the full cost of education from non-resident students if the state rate is less than the District's actual cost of education. In the past two years, non-resident FTES has been increasing. When a recurring condition such as continuous enrollment of non-resident students occurs, the services necessary to accommodate those students are incorporated into the operations of the college. Those costs then become fixed costs. Over a period of time, there is no recognizable marginal increase that can be directly associated with a selected group of students. Accordingly, it is appropriate from a cost recovery perspective to charge the full cost of operations to non-resident students.

Option # 1 is being recommended for West Valley-Mission Community College District.

Option # 2. District average cost of education. This option allows the District to charge an amount equal to the cost of providing educational services to students. This is

the full cost method, which recognizes that the District is providing services on a long-term basis and that non-resident students are factored into each of the college's base operations. A disadvantage to this option is that some of the contiguous districts may charge less for tuition than West Valley - Mission's actual cost of education.

Option #2 is not recommended for the West Valley-Mission Community College District because it would significantly increase the fees for non-resident students.

Option # 3. District average cost with 10% or more non-credit FTES. This option is not applicable to the District.

Option # 4. No more than contiguous district. This option allows the District to adjust its rates to be aligned with surrounding districts. The advantage to this option is that the District may lower its tuition fee to mitigate concerns about students' sensitivity to prices. When comparing tuition fees with contiguous districts, it is important to consider the capital outlay fees that must also be paid in a manner similar to tuition fees so that price-sensitive students consider the full amount of fees that are assessed for non-resident tuition.

A review of the legislative history when this option was adopted confirms that this amount must be within the **fee** (not cost) **adopted** by a contiguous district (maximum amount for Option #4) and **cost** of the lesser of (1) our district's average **cost** or (2) the statewide average **cost** (minimum amount for Option #4).

Option # 5. No more than the district cost and no less than the state cost. This option allows the District to charge a rate that is within a range where the state rate is the minimum fee and the District cost is the maximum fee. The advantage of this option is that the District can choose any amount within the range of costs. West Valley-Mission may charge not less than \$234 and not more than \$250 for tuition. Additionally, through adjustment of the capital outlay fee, the District is able to match the fees of surrounding districts without creating a recognizable difference in tuition costs between the districts that are in direct competition with West Valley-Mission. Without state funding to compensate for the difference in the actual amount charged to non-resident students and the actual cost of education, funds are diverted from other programs and services to subsidize the cost of attendance by non-resident students.

For the following options, it is the responsibility of the District to ensure and document that the additional revenue generated by the increased non-resident tuition permitted shall be used to expand and enhance services **to resident students only** (ECS 76140 (e)(1)(E)).

Option # 6. Highest Year's Statewide Average Tuition. This option allows the District to use the greater of the succeeding year, the current year or any of the four prior

years' statewide average non-resident tuition fee calculation, which is \$234 per semester unit.

Option # 7. No more than 12 comparable States' Average Tuition. This option allows the District to charge no more than the 2015-16 average non-resident tuition fee of public community colleges in a minimum of 12 states comparable to California in cost of living, which is \$425 per semester unit.

2. Capital outlay fee

In addition to the non-resident tuition rate required under Education Code Section 76140, the District may charge a capital outlay fee to those students who are both citizens and residents of a foreign country. The actual cost of capital outlay for FY 2015/16 was \$17.40 per unit and changes each year as a result of substantial construction activity that occurs on an irregular basis.

While the capital outlay fee increases the cost of tuition for foreign students, other non-resident students are not required to pay the capital outlay fee. Capital outlay fees are to be used only for the purchase of capital equipment, capital construction, or repair and maintenance of facilities. The amount of the fee is to be the lesser of the amount that was expended by the District for capital outlay in the preceding fiscal year divided by the total full-time equivalent students of the District in the preceding fiscal year or 50% of the 2016/17 non-resident tuition fee adopted pursuant to ECS 76140. In establishing the non-resident tuition fee, it is important to also consider the impact of a capital outlay fee.

It is not recommended that the District assess a capital outlay fee for FY 2017/18.

Coordination

This item was coordinated with other community college districts.

Follow-up/Outcome

Once the Board approves the rates, the Office of the Vice Chancellor must communicate the outcome to the State Chancellor's Office and to staff in charge of creating and publishing the class schedules at the colleges.

PREPARED BY: SUSIE MCDONNELL

REVIEWED BY: NGOC CHIM AND ED MADULI

APPROVED BY: PATRICK SCHMITT

SUBJECT: BUDGET CALENDAR

CHANCELLOR'S RECOMMENDATION:

That the Board of Trustees review and adopt the 2017 budget calendar (attached).

Funding Source/Fiscal Impact

There is no fiscal impact associated with this item.

Reference(s)

Adoption of the budget calendar complies with BP 6200 of Board Policy.

Background/Alternatives

The budget calendar is established to serve as a timeline to ensure that regulatory requirements regarding budget preparation and approvals are met.

The Tentative Budget is due by June 30 and the Final Budget is due September 15, 2017.

Coordination

The budget calendar has been reviewed by District Council.

Follow-up/Outcomes

The Executive Director of Financial Services will coordinate with the College Administrative Services Offices at West Valley College and Mission College to ensure that all deadlines on the calendar are met.

West Valley-Mission Community College District 2017 Budget Calendar

DEADLINE	EVENTS
<u>JANUARY</u>	
January 9, 2017	District Council review Budget Calendar
January 10, 2017	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
January 15, 2017	320 Report (P-1 Enrollment Data) Due to State Chancellor's Office
January 18, 2017	Governor's Proposed Budget ACCCA/ACBO Workshop
January 24, 2017	Board of Trustees approve Budget Calendar
<u>FEBRUARY</u>	
February 7, 2017	Board of Trustees Budget Workshop
February 13, 2017	District Council review Second Quarter Financials and Budget Adjustments
February 14, 2017	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
February 15, 2017	311 Second Quarter Report Due to State Chancellor's Office
<u>MARCH</u>	
March 7, 2017	Board of Trustees approve the Second Quarter Financials and Budget Adjustments
March 14, 2017	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
March 24, 2017	Freeze Position Control File and provide college with working version of detail line items for Tentative Budget
March 27, 2017	District Council review <u>Fixed Cost</u> Schedule and Associate Faculty Funding Model for Tentative Budget
<u>APRIL</u>	
April 2017	Board of Trustees provide budget guidelines for next fiscal year
April 3, 2017	Provide preliminary simulation of RAM Model to College
April 11, 2017	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
April 14, 2017	College submits budget detail line items for Tentative Budget
April 20, 2017	320 Report (P-2 Enrollment Data) Due to State Chancellor's Office
April 24, 2017	Provide College with worksheet for June 30th estimated actuals - Tentative Budget
April 24, 2017	District Council review revenue projections and Resource Allocation Model for Tentative Budget
April 28, 2017	College submits <u>June 30th estimated actuals</u> to District for Tentative Budget
<u>MAY</u>	
May 2017	Governor's May Revise
May 8, 2017	District Council review Third Quarter Financials and Budget Adjustments
May 8, 2017	District Enrollment Management Committee recommends FTES Goals for Final Budget
May 9, 2017	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
May 15, 2017	311 Third Quarter Report Due to State Chancellor's Office
May 26, 2017	Complete Tentative Budget
<u>JUNE</u>	
June 6, 2017	Board of Trustees approve the Third Quarter Financials and Budget Adjustments
June 12, 2017	District Council review Draft Tentative Budget Documents
June 13, 2017	Board of Trustees Audit Budget & Oversight Committee Meeting (ABOC)
June 2017	Board of Trustees approve the Tentative Budget
June 30, 2017	Load Tentative Budget in financial system
June 30, 2017	Approval of State Final Budget
<u>JULY</u>	
July 10, 2017	District Council review <u>Fixed Cost</u> Schedule and Associate Faculty Funding Model for Final Budget
July 11, 2017	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
July 14, 2017	Freeze Position Control File and provide college with working version of detail line items for Final Budget
July 15, 2017	320 Report (Annual Enrollment Data P-3) Due to State Chancellor's Office
July 21, 2017	Provide college with Resource Allocation Model for Final Budget
<u>AUGUST</u>	
August 2017	State Budget Workshop
August 4, 2017	Fiscal Year End Close
August 11, 2017	College submits budget detail line items for Final Budget
August 15, 2017	311 Fourth Quarter Report Due to State Chancellor's Office
August 18, 2017	Complete Final Budget
August 2017	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
August 28, 2017	District Council review Final Budget, Fourth Quarter Financials and Budget Adjustments
<u>SEPTEMBER</u>	
September 5, 2017	Board of Trustees approve the Final Budget, Fourth Quarter Financials and Budget Adjustments
September 8, 2017	Load Final Budget in financial system
September 12, 2017	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
<u>OCTOBER</u>	
October 10, 2017	311 Annual Financial and Budget Report due to State Chancellor's Office
October 10, 2017	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
<u>NOVEMBER</u>	
November 2017	District Enrollment Management Committee recommends FTES Goals for Tentative Budget
November 2017	Performance Goals Committee recommends efficiency (WSCH) target for Tentative Budget
November 1, 2017	320 Report (Recalc Enrollment Data) due to State Chancellor's office
November 13, 2017	District Council review First Quarter Financials and Budget Adjustments
November 14, 2017	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
November 14, 2017	Board of Trustees approve the First Quarter Financials and Budget Adjustments
November 15, 2017	311 First Quarter Report Due to State Chancellor's Office
<u>DECEMBER</u>	
December 2017	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)